

file
PanCanadian
Annual Report
1975

AR14



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DIRECTORS

*ALEX G. BAILEY Calgary, Alberta	— Director of Conventures Limited
*ROBERT W. CAMPBELL Calgary, Alberta	— Chairman of the Board and Chief Executive Officer, PanCanadian Petroleum Limited, Director of Canadian Pacific Investments Limited and TransCanada PipeLines Limited
ALBERT D. COHEN Winnipeg, Manitoba	— President of General Distributors of Canada Ltd.
J. K. FINLAYSON Montreal, Quebec	— Deputy Chairman and Executive Vice President of The Royal Bank of Canada
HUGH A. MARTIN Vancouver, B.C.	— President of Western Construction & Engineering Research Ltd.
WILLIAM MOODIE Montreal, Quebec	— President of Canadian Pacific Investments Limited
*H. M. PICKARD Calgary, Alberta	— Chairman and Chief Executive Officer of Marathon Realty Company Limited
JOHN C. ROSS Lethbridge, Alberta	— President of Milk River Cattle Company Limited
IAN D. SINCLAIR, Q.C. Montreal, Quebec	— Chairman and Chief Executive Officer of Canadian Pacific Limited
W. J. STENASON Montreal, Quebec	— Executive Vice President of Canadian Pacific Investments Limited
*J. M. TAYLOR Calgary, Alberta	— President of PanCanadian Petroleum Limited, Director of TransCanada PipeLines Limited and Director and Chairman of the Board of Panarctic Oils Ltd.
M. M. WILLIAMS Calgary, Alberta	— President of Calgary Power Ltd.

* Member of Executive Committee

ANNUAL GENERAL MEETING

The Annual General Meeting of Shareholders will be held in the Marquis Room of the Palliser Hotel, Calgary, Alberta at 10:00 a.m., Mountain Standard Time, on Thursday, April 8th, 1976. Notice of meeting, information circular and form of proxy are being mailed to each Shareholder with this report.

COVER

Through the artists eye, the crisp beauty of a northern lake is illuminated by the dancing splendor of the Aurora Borealis, often called the Northern Lights.

Cover design: Robert A. Saunders.

Two Year Comparative Highlights

FINANCIAL	1975	1974	% Increase
Gross Income	\$159,589,790	\$130,572,078	22.2
Funds from Operations . . .	99,756,171	74,556,759	33.8
Per Share	3.20	2.39	
Net Income	68,662,965	46,242,695	48.5
Per Share	2.20	1.48	
Dividends	26,846,538	19,355,008	38.7
Per Share	0.86	0.62	
Capital Expenditures	83,111,954	49,315,863	68.5
Long Term Debt	81,429,166	89,945,833	(9.5)
Working Capital (Deficiency)	(9,624,915)	11,748,324	(181.9)

OPERATIONS

Production and Sales —

Net (Daily)			
Oil — bbls.	30,681	36,408	(15.7)
Natural Gas Liquids — bbls.	2,865	2,865	—
Empress Plant — bbls. . . .	9,363	11,979	(21.8)
	42,909	51,252	(16.3)
Natural Gas — MMcf	223.6	226.3	(1.2)
Sulphur — l.t.	230	269	(14.5)

DRILLING RECORD

Exploratory Wells Drilled		
(Working Interest)	80	112
Successfully Completed . .	46	52
Development Wells Drilled		
(Working Interest)	240	359
Successfully Completed . .	223	348
Net Acres	15,310,631	16,426,125

1975 Highlights

- PCP et al Findley 5-26-57-6 W6, a wildcat well 200 miles west of Edmonton, indicated the presence of a substantial gas accumulation.
- An appraisal well, PCP Morley 7-9-26-7 W5, on the Stoney Reserve west of Calgary, flowed gas at up to 14 million cubic feet a day.
- A series of gas successes was drilled along the Entice, Redland, Strathmore, Carseland trend in southern Alberta.
- PanCanadian and partners purchased eight blocks in the Gulf of Mexico, and gas has already been discovered on Block 831, Mustang Island Area, offshore Texas.
- A deep wildcat, PanCanadian Fuller Reservoir Unit II #22-25, currently drilling in the Wind River Basin of Fremont County, Wyoming, has indicated gas in several zones.
- Panarctic Bent Horn F-72A tested an average of 5,300 barrels of oil a day and this may prove to be the first commercial Arctic oil field.
- Panarctic West Hecla P-62 discovered substantial additional gas reserves at this important field.
- The Company's proven developed and probable gas reserves increased from 2.298 trillion cubic feet to 2.384 trillion cubic feet.



From left to right: W. J. Stenason, Alex G. Bailey, Hugh A. Martin, William Moodie, J. K. Finlayson, J. M. Taylor, Robert W. Campbell, Ian D. Sinclair, Q.C., Albert D. Cohen, Marshall M. Williams, John C. Ross, H. M. Pickard.

To the Shareholders

On behalf of the Board of Directors, it is our pleasure to present the 1975 Annual Report of PanCanadian Petroleum Limited. The past year has been one of considerable success and we are confident that 1976 will be a year of continued improvement.

For the seventh successive year, your Company's gross income increased and totalled \$159.6 million, compared with \$130.6 million in 1974. Net income also showed considerable improvement and was \$68.7 million or \$2.20 a share. This compares with a 1974 net income of \$46.2 million or \$1.48 a share. Large amounts of capital were "plowed back" into the search for hydrocarbons, and in 1975, total exploration and development expenditures were \$47.8 million, a \$6.0 million increase from the 1974 total.

Several important factors contributed to this success and, of primary importance, there has been a better understanding of Canada's energy problems by both levels of government. As a result, many of the uncertainties affecting the industry are being removed. There has been a general return of the confidence which is necessary if exploration and development are to regain the momentum required to ensure Canada's future hydrocarbon supply.

Through Federal-Provincial negotiations, crude oil prices were raised from \$6.50 to \$8.00 a barrel, with an intent to raise prices eventually to international levels. Natural gas prices were also increased and wellhead prices in Alberta currently range between 95 cents and \$1.00 a thousand cubic feet. These developments, together with the introduction of the Federal Resource Allowance and improvements in Provincial regulations, will better enable the industry to generate the necessary capital to finance the exploration and development of new energy supplies. Consequently, we anticipate that 1976 will be an active year for the Company.

PanCanadian continued its exploration program in 1975 at a total cost of \$34.1 million. In Canada, the Company explored in the Southern Plains, the Foothills, the Mackenzie Delta and the East Coast. Gas reserves were discovered in the Foothills at Findley and Morley, and in the Southern Plains at Entice, Redland, Strathmore and Carseland. In the United States, attention was focused on the Gulf Coast, Wyoming, Utah and California. Gas was discovered on a block in the Mustang Island Area, offshore Texas, and two gas bearing zones were tested in a deep wildcat currently drilling in Wyoming. Exploration continued in Iran, and initial activities were conducted on our two offshore Greenland concessions. In addition to petroleum exploration, a drilling program was commenced to assess the Company's coal reserves in Southern Alberta.

Panarctic Oils Ltd., in which PanCanadian currently holds a 9.339% interest, also had a successful year. The completion of the Bent Horn F-72A oil well on Cameron Island has brought new optimism to Arctic exploration. The development of additional reserves at the Drake Point and Hecla gas fields has also offered encouragement, and feasibility studies have commenced to determine the most suitable methods of transporting these hydrocarbons to Canadian markets.

In Canada, the Company was involved in the drilling of 655 wells and this represents 15.4% of the total number of wells drilled in the nation. PanCanadian operated 139 of the wells and was the fourth most active operator in Canada. An additional 18 Company interest wells were drilled outside Canada. Of the total 673 wells drilled on PanCanadian lands, 353 were drilled at no cost to the Company. The extensive drilling program resulted in 562 successes comprising 88 oil wells, 462 gas wells and 12 facility wells.

During 1975, the Company's oil production fell by 16%. This was largely the result of the restrictions on oil exports to the United States, a policy introduced to ensure adequate future supplies for Canadian markets. The restrictions are of concern to your Company because heavy crude oil has a limited and only slowly growing Canadian market, but represents a considerable proportion of PanCanadian's production. In contrast to the light crudes, Canadian demand is unlikely to absorb the spare capacity created in the heavy crude producing areas for some time to come. As a result, efforts are being made by your Company to obtain acceptance for some of the heavy crude in the export market.

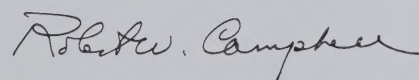
Gas production has remained relatively constant in 1975 and considerably increased sales are anticipated in 1976. Additional production will be obtained from new gas reserves which are beginning to come on stream. A project in the early stages of development is the Morley sour gas processing plant. Company engineers are conducting the environmental and engineering studies to design this gas plant for the Morley and Ghost sour gas fields, scheduled to commence production in 1978.

PanCanadian is participating in feasibility studies for expanding the ethane extraction capability at the Empress Gas Liquids Plant. Through this investment, your Company would be involved in the petrochemical industry currently being developed in Alberta. Production from the proposed facilities would be used as feedstock for the ethylene plant to be constructed at Red Deer, Alberta and the surplus would be exported to eastern markets.

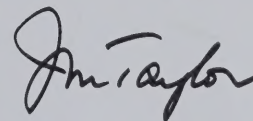
In December 1975, PanCanadian increased its ownership in the proposed Brooks Ammonia Plant to 100% by acquiring, at cost, the 40% interest owned by another company. The Company is currently negotiating contracts for the sale of the ammonia to the export market at prices which will reflect the prevailing price of gas. We are confident that the necessary industrial development permit will be granted by the Provincial government following the successful completion of these negotiations.

The events of the past year have begun to provide the stability necessary to ensure the continued development of Canada's petroleum resources. With this stability, your Company is continuing to explore, develop and produce hydrocarbons both in Canada and abroad.

We wish to thank our staff for their loyalty and support during the past year. The Company's success is the result of their efforts.



Robert W. Campbell
Chairman of the Board and
Chief Executive Officer



J. M. Taylor
President

Calgary, Alberta
March 10, 1976



NORTH AMERICA



Areas in which PanCanadian Petroleum holds oil and gas rights as of December 31, 1975.



Exploration Highlights



Exploration

PanCanadian's 1975 exploration program cost a total of \$34.1 million compared with \$32.0 million in 1974. Exploratory drilling accounted for \$12.5 million; \$7.9 million was allocated to land acquisition and retention; geological, geophysical and overhead expenditures totalled \$10.5 million; and \$3.2 million was invested in Panarctic Oils Ltd.

OIL AND GAS

At the end of 1975, PanCanadian held a working interest in 15.3 million net acres of petroleum and natural gas rights (31.8 million gross acres). This compares with 16.4 million net acres (39.7 million gross acres) in 1974. The Company also held a royalty or overriding royalty interest in 4.3 million acres. In addition, through its interest in Panarctic Oils Ltd., PanCanadian is represented in a further 70.8 million gross acres.

Of the Company's working interest properties, 12 million net acres (78.5%) were in Canada, and of these, 6.3 million acres were located in Alberta. Further properties were also held in the Yukon and Northwest Territories, New Brunswick, Saskatchewan, British Columbia, Manitoba, the East Coast Offshore, Quebec and the Arctic Islands.

Net working interest holdings in the United States comprised 675,000 net acres (4.4%) and 2.6 million net acres (17.1%) were held in Indonesia, Iran, Greenland and the North Sea.

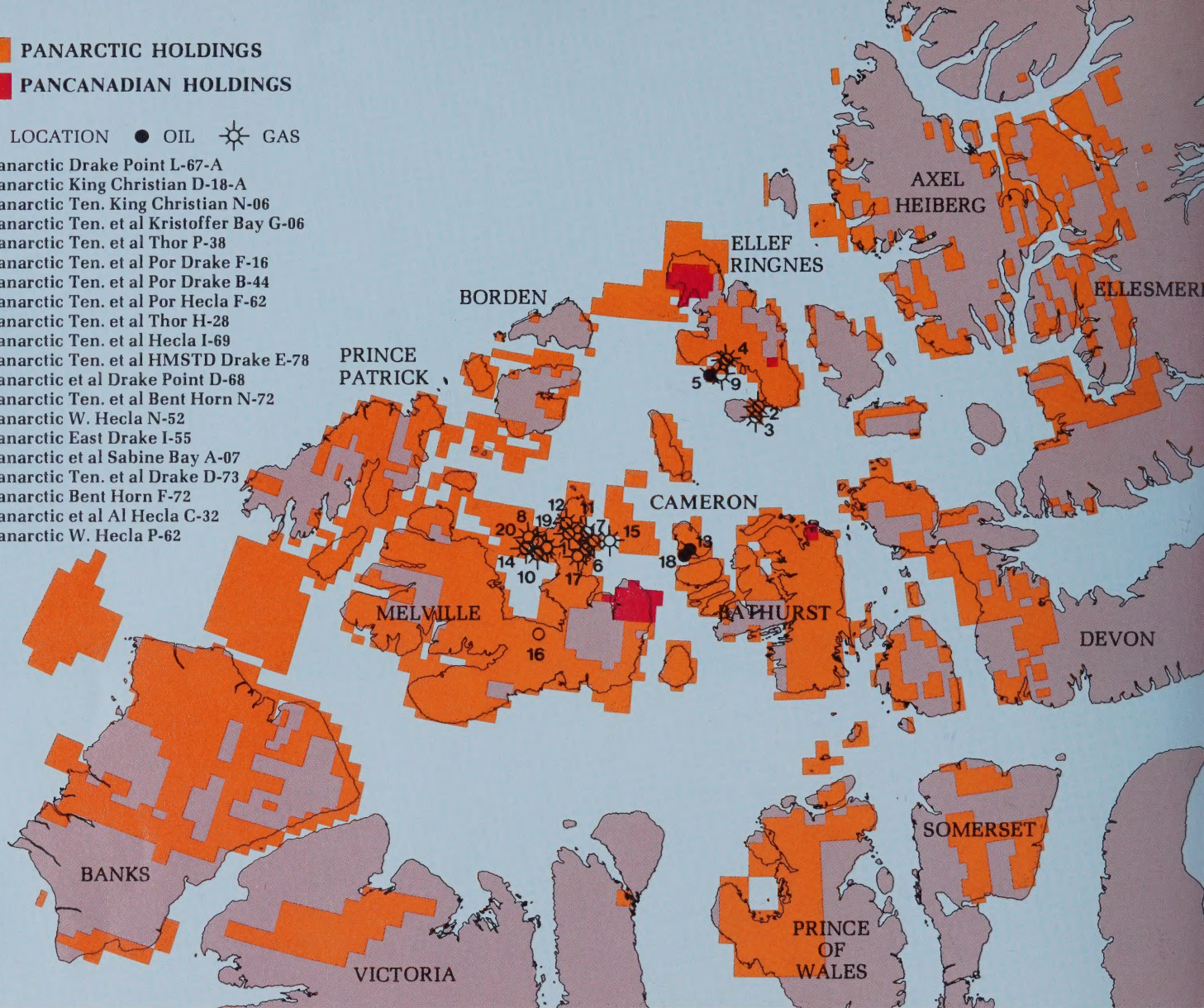
Exploration continued in the major prospective areas of Canada in 1975 and the Company participated in various programs in the United States, Indonesia, Iran, Greenland and the North Sea. A total of 196 exploratory wells was drilled on PanCanadian lands and these comprised 80 working interest wells (51.3 net) and 116 royalty interest wells. These resulted in 17 oil wells and 87 gas wells. In 1974, 225 exploratory wells were drilled, resulting in 14 oil wells and 81 gas wells.

In Canada, exploration was conducted in the Southern Plains and Foothills of Alberta, and in the Mackenzie Delta and East Coast frontier regions. Several important gas discoveries were made. A significant Mississippian, Triassic and Jurassic gas discovery was made at the PCP et al Findley 5-26-57-6 W6 wildcat, 200 miles west of Edmonton.

PANARCTIC HOLDINGS
PANCANADIAN HOLDINGS

○ LOCATION ● OIL ☀ GAS

1. Panarctic Drake Point L-67-A
2. Panarctic King Christian D-18-A
3. Panarctic Ten. King Christian N-06
4. Panarctic Ten. et al Kristoffer Bay G-06
5. Panarctic Ten. et al Thor P-38
6. Panarctic Ten. et al Por Drake F-16
7. Panarctic Ten. et al Por Drake B-44
8. Panarctic Ten. et al Por Hecla F-62
9. Panarctic Ten. et al Thor H-28
10. Panarctic Ten. et al Hecla I-69
11. Panarctic Ten. et al HMSTD Drake E-78
12. Panarctic et al Drake Point D-68
13. Panarctic Ten. et al Bent Horn N-72
14. Panarctic W. Hecla N-52
15. Panarctic East Drake I-55
16. Panarctic et al Sabine Bay A-07
17. Panarctic Ten. et al Drake D-73
18. Panarctic Bent Horn F-72
19. Panarctic et al Al Hecla C-32
20. Panarctic W. Hecla P-62



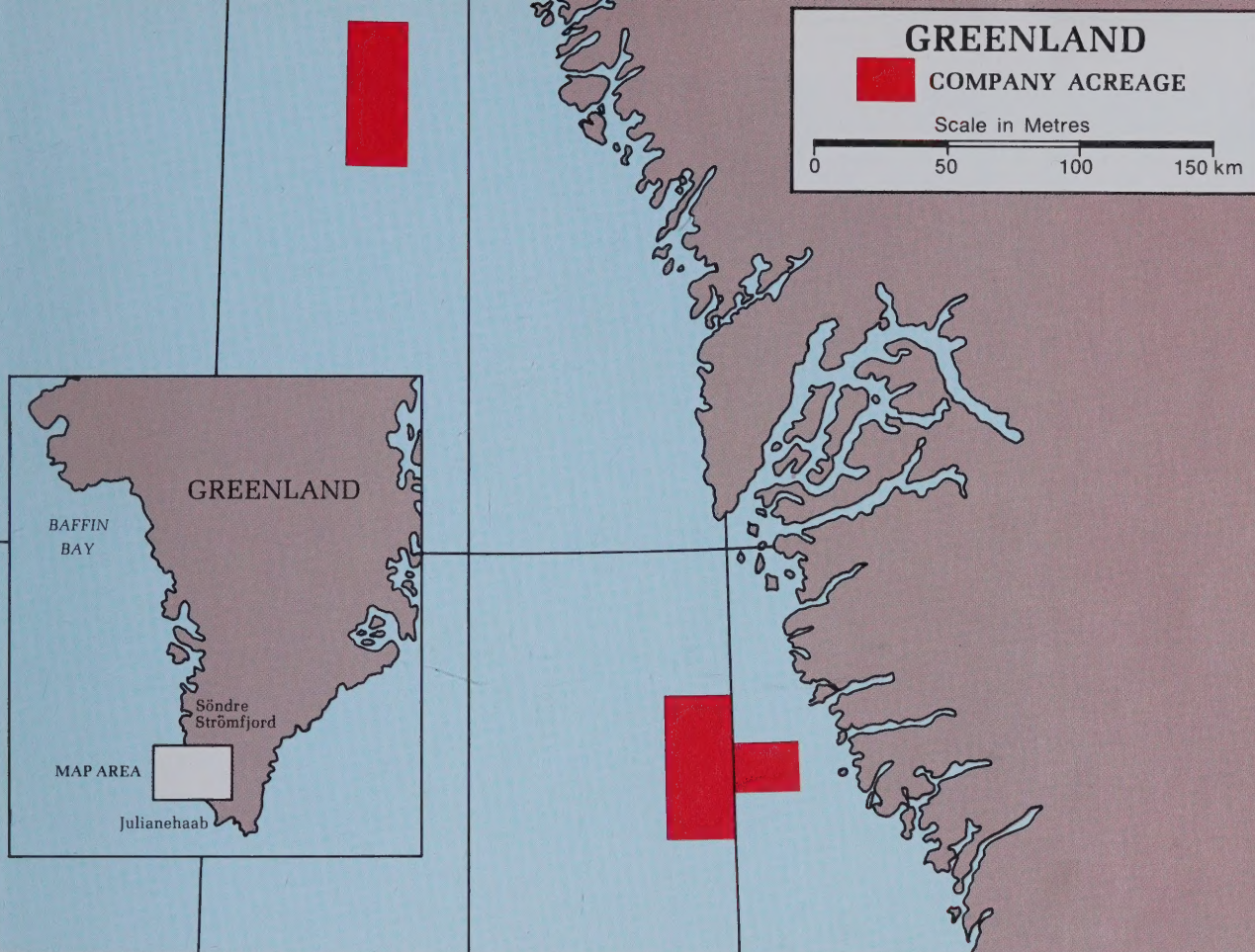
This was one of the more important Canadian successes during the year and five zones have been production tested. A second well is now drilling to delineate the discovery. Further south, the first Morley appraisal well, PCP Morley 7-9-26-7 W5, was also successful. Gas flowed from the Mississippian Mount Head formation at rates up to 14 million cubic feet a day and a second appraisal well is under way.

In the Entice area of the Southern Plains, six gas wells were drilled resulting in further reserves which will be developed in the near future. Additional gas reserves were also discovered at Redland, Strathmore and Carseland. These successes are important to your Company because the reserves can be developed with relative ease, do not require the provision of expensive plants and are close to existing pipelines. As a result of these factors, the fields will be producing for PanCanadian with a minimum of delay.

An onshore wildcat was drilled 50 miles northeast of Saint John, New Brunswick, but was abandoned because of mechanical difficulties. A substitute well has now spudded. In the

Mackenzie Delta, we participated in the Imp Delta 5 Ikattok J-17 wildcat which was drilled from an artificial island. A second well will be drilled at an onshore location during 1976.

PanCanadian and partners purchased eight blocks in the Texas portion of the Gulf of Mexico, totalling about 46,000 acres. Gas has already been discovered in one well on Block 831 Mustang Island Area, an appraisal well is drilling and another is scheduled for later in the year. Five additional offshore Texas wells are planned for 1976. At PanCanadian Fuller Reservoir Unit II #22-25, Fremont County, Wyoming, a 17,500 foot wildcat is currently drilling. Several zones have indications of gas: two have been tested and the well flowed gas at up to 4.5 million cubic feet a day.



A geological field party conducted surface studies in the Sevier Desert area of Utah and one well is scheduled for 1976. Acreage was acquired in the North Sacramento Valley of California and preliminary seismic work has now been completed. At the December O.C.S. Sale #35 Offshore California, PanCanadian and partners were high bidders on seven blocks, and four of the bids have been accepted. The Company has also participated in surveys in Alaska and the U.S. East Coast in anticipation of possible lease sales.

Exploration is continuing on the Lar Block in southwestern Iran. Initial geological and geophysical fieldwork was completed and the first well, which commenced at the end of August, was abandoned early in 1976. Two more wells are planned for 1976 and further fieldwork will also be conducted. PanCanadian and its partners were awarded two concessions in Greenland in 1975 and seismic was completed on both blocks. In 1976, seismic evaluation and environmental studies will be completed in preparation for drilling in 1977.

Three commitment wells were drilled in 1975, one in Indonesia and two in the North Sea and this fulfilled all our obligations in these areas. The Company has joined a group which plans to drill a wildcat in the Indonesian Java Sea early in 1976.

COAL

As a result of exploratory work carried out to date, the Company's proven and probable reserves of surface recoverable sub-bituminous coal have been placed at 440 million tons and underground recoverable reserves at 45 million tons. These figures will, undoubtedly, be expanded as more information becomes available.

A reconnaissance drilling program was conducted in southeastern Alberta and a joint venture explored the coal reserves of the Camrose area. Additional projects will be introduced in 1976.

PANARCTIC OILS LTD.

A total of \$13.3 million has now been invested in this joint government-industry venture by PanCanadian and of this, \$3.2 million was contributed in 1975. Throughout the year, geophysical exploration was continued and studies were made of the environment, wildlife and new technologies. Thirteen wells were drilled, resulting in significant extensions to the Bent Horn oil discovery and the Hecla and Drake Point gas fields. The Bent Horn F-72A appraisal well was of primary importance as it production tested an average of over 5,300 barrels a day of 43° API gravity crude oil.

The Drake Point gas field, with estimated reserves of approximately six trillion cubic feet, is the largest Canadian gas field. The recent discovery of a deep gas bearing zone in the Panarctic West Hecla P-62 wildcat will increase the four trillion cubic feet of reserves assigned to this area. Total Panarctic gas reserves are now estimated to be approximately 13 trillion cubic feet.

DRILLING RECORD
Working Interest Wells

	Oil		Gas		Dry		Facility		Total		Gross Footage
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	
Exploratory											
Alberta	4	2.250	41	32.188	21	14.956	—	—	66	49.394	277,648
N. Brunswick	—	—	—	—	1	.333	—	—	1	.333	3,622
Quebec	—	—	—	—	3	.460	—	—	3	.460	9,963
Offshore Texas	—	—	—	—	4	.250	—	—	4	.250	40,748
Texas	1	.015	—	—	—	—	—	—	1	.015	14,150
Wyoming	—	—	—	—	2	.310	—	—	2	.310	14,497
North Sea	—	—	—	—	2	.180	—	—	2	.180	9,839
Indonesia	—	—	—	—	1	.375	—	—	1	.375	11,575
	5	2.265	41	32.188	34	16.864	—	—	80	51.317	382,042
Development											
Alberta	39	19.241	102	22.680	4	2.333	12	5.639	157	49.893	410,214
— Gas Project	—	—	79	78.721	—	—	—	—	79	78.721	137,747
British Columbia	—	—	1	.007	—	—	—	—	1	.007	3,535
Alabama	—	—	1	.026	—	—	—	—	1	.026	15,610
Wyoming	1	.231	—	—	1	.234	—	—	2	.465	16,362
	40	19.472	183	101.434	5	2.567	12	5.639	240	129.112	583,468
Total											
Alberta	43	21.491	143	54.868	25	17.289	12	5.639	223	99.287	687,862
— Gas Project	—	—	79	78.721	—	—	—	—	79	78.721	137,747
British Columbia	—	—	1	.007	—	—	—	—	1	.007	3,535
New Brunswick	—	—	—	—	1	.333	—	—	1	.333	3,622
Quebec	—	—	—	—	3	.460	—	—	3	.460	9,963
Alabama	—	—	1	.026	—	—	—	—	1	.026	15,610
Texas	1	.015	—	—	—	—	—	—	1	.015	14,150
Offshore Texas	—	—	—	—	4	.250	—	—	4	.250	40,748
Wyoming	1	.231	—	—	3	.544	—	—	4	.775	30,859
North Sea	—	—	—	—	2	.180	—	—	2	.180	9,839
Indonesia	—	—	—	—	1	.375	—	—	1	.375	11,575
	45	21.737	224	133.622	39	19.431	12	5.639	320	180.429	965,510

Royalty Interest Wells

	Oil Gross	Gas Gross	Dry Gross	Facility Gross	Total Gross	Gross Footage
Exploratory						
Alberta	11	44	51	—	106	409,238
British Columbia ..	—	1	3	—	4	18,680
N. Dakota	—	—	1	—	1	4,350
Saskatchewan	1	—	1	—	2	8,752
Colorado	—	1	—	—	1	4,702
Wyoming	—	—	2	—	2	18,762
	12	46	58	—	116	464,484
Development						
Alberta	30	192	14	—	236	569,762
Texas	1	—	—	—	1	13,500
	31	192	14	—	237	583,262
Total	43	238	72	—	353	1,047,746



Production and Development

DEVELOPMENT DRILLING

In 1975, the Company participated in 477 development wells of which 240 (129.1 net) were working interest ventures. Of the total, 71 were oil wells, 375 gas wells and 12 facility wells. This compares with a 1974 total of 587 wells including 44 oil wells, 503 gas wells and six facility wells. Major projects included: a shallow gas development program in southern and central Alberta, and a 45 well drilling program, operated by partners, in the Kinsella heavy oil pool of eastern Alberta. Total company expenditures on development drilling amounted to \$13.6 million.

PRODUCTION FACILITIES

During the last three years, a large number of gas wells have been drilled in southern and central Alberta, and in 1975 an extensive construction program was commenced to enable these wells to

be placed on production. In 1975, 367 miles of gathering lines were laid, nine compressor and meter stations were constructed, and 359 wells were tied in. Several areas were placed on production and a number of others were almost ready for production at year-end. The total expenditures on gas facilities constructed by the Company was \$11.1 million. In addition, the Company's share of gas facilities constructed by partners amounted to \$1 million. These combined efforts are expected to increase the Company's gas production significantly in 1976.

Construction of facilities to tie in a number of other areas will continue in 1976, and the combined 1975 and 1976 program will result in over 500 wells being placed on production.

The Company spent \$2.5 million during 1975 on waterflood facilities for the Lathom Upper Manville C oil pool, artificial lift in a number of wells in the Countess-Lathom oil trend, and production facilities in several other oil pools.

PanCanadian's first computerized system to monitor and control the wells,

batteries and water injection facilities for the Countess-Lathom trend of oil pools was installed. A similar but larger control system is being designed and will be installed during 1976 to control the production facilities for over 450 shallow gas wells in the Brooks area.

Total capital expenditure for construction of oil and gas facilities amounted to \$14.6 million.

CRUDE OIL

Prices for Western Canadian crude were raised from \$6.50 to \$8.00 a barrel for light oil, with a slightly smaller increase for heavy oil, as a result of Federal-Provincial negotiations. Indications are that the price will be raised a further increment towards international levels during 1976. These positive steps are offset by the continuation of the export tax and reductions in the permitted levels of oil exported to the United States. These latter factors were the main reasons for the reduction in PanCanadian's net oil production from the 1974 level of 36,408 barrels a day to 30,681 barrels a day.

The policy of restricting exports to ensure adequate future supplies for Canadian markets is currently of concern because of the limited market for heavy oil, for which the United States is the traditional buyer. Efforts are being made by the Company to obtain acceptance for some of the heavy oil in the export market. This problem is primarily associated with the Company's Alberta production. PanCanadians oil production from Saskatchewan has also not been at a satisfactory level, mainly because of Provincial regulations. Recent changes have been encouraging however.

The oil production capacity and reserves of the Company were enhanced during the year by the commencement of waterflooding in one Lathom pool and the development of the Kinsella pool by partners.

NET CRUDE OIL PRODUCTION

Barrels Daily	1975	1974
ALBERTA		
Countess	7,914	9,554
Wizard Lake	2,721	3,376
Lathom	1,779	1,934
Fenn Big Valley	1,423	1,569
Westeros	1,073	1,374
Taber	1,050	1,247
Bonnie Glen	1,022	1,581
Bantry	843	895
Pembina	633	710
Horsefly	584	656
Gilby	510	602
Hussar	482	668
Provost	482	399
Bellshill Lake	401	458
Redwater	330	575
Leduc	328	383
Parflesh	328	376
Medicine River	302	276
Joarcam	273	299
Alderson	249	282
Black	231	341
Meekwap	202	196
Other	2,243	2,270
	25,403	30,021

SASKATCHEWAN

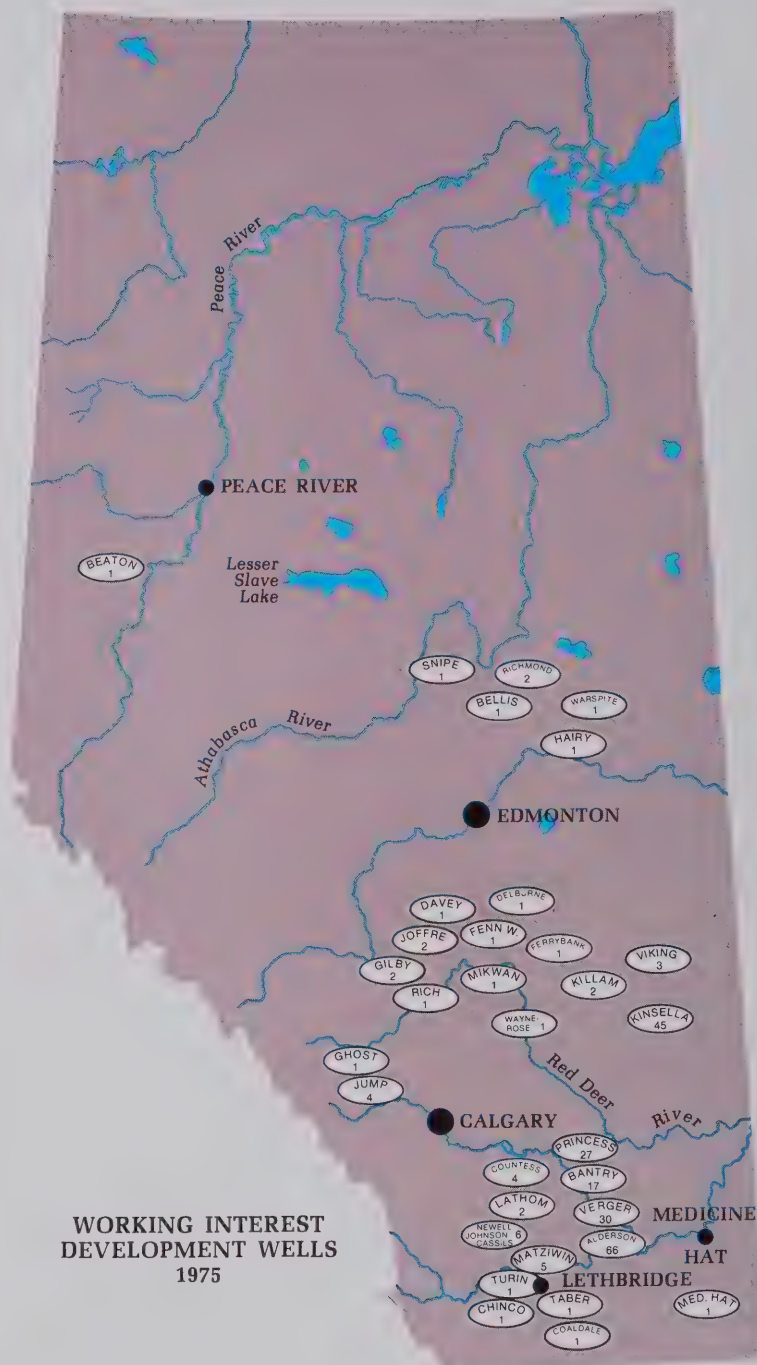
Weyburn	3,246	3,998
Flatlake	665	688
Handsworth	298	307
Lake Alma	186	254
Other	703	866
	5,098	6,113

BRITISH COLUMBIA

MANITOBA	71	75
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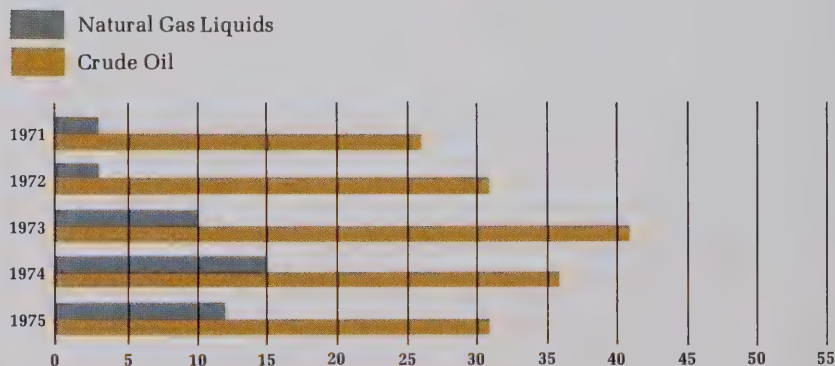
UNITED STATES ...	105	199
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30,681 36,408



NET CRUDE OIL PRODUCTION AND NATURAL GAS LIQUIDS SALES

Thousands of barrels per day





In order to recover all possible oil from known fields, the engineering staff is undertaking research into methods of enhanced and tertiary recovery. Particular emphasis is being given to the application of micellar flooding to certain pools and a new method of computer modelling is being applied in a study of the large Weyburn field.

NATURAL GAS LIQUIDS

Total sales of natural gas liquids amounted to \$35.1 million. Revenue generated from natural gas liquids by PanCanadian Gas Products Ltd. (PCGP), a wholly owned subsidiary, totalled \$28.7 million, a 1% decrease from the previous year. PCGP's sales volume averaged 9,363 barrels a day compared to 11,979 a day in 1974. This decline was the result of softer market conditions in 1975. At year end, the natural gas liquids inventory was 688,000 barrels.

Extensive expansion of the fractionation facilities at the Sarnia plant, in which PCGP holds a 12% interest, was completed in November. This has increased daily capacity from 42,300 barrels to 80,300 barrels. PCGP's share of the cost of expansion totalled \$1.1 million. Since the beginning of September 1975, PanCanadian's share of the output has been taken in kind, and the products

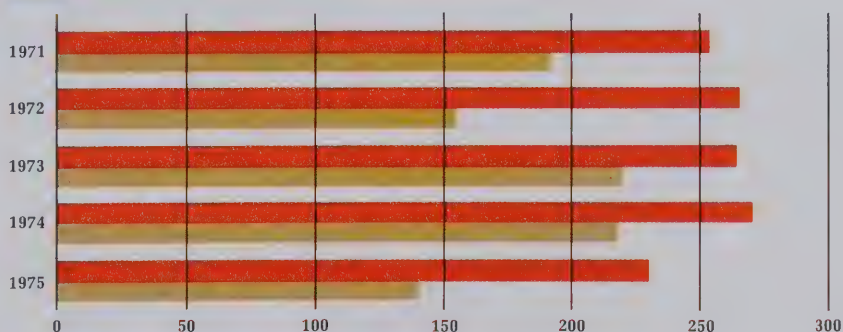
are marketed in Canada and the United States through joint ventures with Stillings Petroleum Corporation of Tulsa, Oklahoma.

The Empress Plant continues to be an important area of Company involvement. Plans for 1976 include further feasibility studies on modifying the plant to recover a higher percentage of the ethane in the stream now being processed. Expected ethane production of the modified plant would be over 30,000 barrels a day. Negotiations are in progress for the sale of the product to Alberta Gas Ethylene. The ethane would be used as feedstock at the proposed ethylene plant to be located near Red Deer, Alberta, with the surplus being exported to eastern markets.

NET SULPHUR PRODUCTION AND SALES

Long tons per day

■ Sulphur Production
■ Sulphur Sales



NET NATURAL GAS LIQUIDS SALES

Barrels Daily	1975	1974
ALBERTA		
Empress Gas Plant	9,363	11,979
Westerose	809	829
Jumping Pound	513	496
Calgary	325	327
Other	1,196	1,195
	12,206	14,826
UNITED STATES . . .		
	22	18
	12,228	14,844

SULPHUR

Although there was a substantial price increase in 1975, a worldwide depressed market resulted in sulphur sales considerably below the 1974 average of 218 long tons a day. Company sales in 1975 averaged 139 long tons a day at an increased average price of \$21.76 a ton. This compares with a selling price of \$14.47 a ton in 1974 and, because of this increase, gross revenue declined by only 4% in 1975. Throughout the year, production averaged 230 long tons a day and the estimated Company inventory at year end was 206,000 long tons.

NET SULPHUR PRODUCTION

Long Tons Daily	1975	1974
ALBERTA		
Calgary	91	126
Jumping Pound	67	68
East Crossfield	53	52
Other	19	23
	230	269

NATURAL GAS

PanCanadian's outlook for natural gas production is one of confidence. As the result of an agreement between the Alberta and Federal Governments, prices have increased significantly at Toronto and at the United States border, with other increases across the country. As yet, the effective Alberta wellhead prices have not been finalized but during December 1975, the price ranged from approximately 95 cents to \$1.00 a thousand cubic feet.

Production during 1975 of 224 million cubic feet a day was approximately the same level as in 1974. With the construction of the gathering systems and the tying in of a large number of wells during 1975, the new gas being placed on stream should lead to a significant increase in production during 1976.

Of considerable importance in the future is the Company's share of the reserves discovered in recent years in the Morley and Ghost sour gas fields. PanCanadian staff are conducting environmental and engineering studies to design a gas processing plant. The scope of the project is such that production is not scheduled to commence until 1978.

NET NATURAL GAS PRODUCTION

Millions of Cubic Feet Daily	1975	1974
ALBERTA		
Alderson	25.7	26.4
Jumping Pound	22.3	21.9
Countess	16.4	20.5
Calgary	14.3	16.2
Westerose	10.0	11.0
Redland	9.6	10.1
Hussar	8.9	11.5
Bantry	7.3	5.1
Wayne	7.1	8.4
Wintering Hills	6.5	7.1
Ferrybank	6.0	6.5
Ukalta	5.4	4.6
Rosebud	4.5	4.2
Gilby	4.4	4.9
Atlee Buffalo	4.2	3.9
Lathom	3.1	3.1
Vergar	3.0	1.7
Nevis	2.7	2.7
South Carbon	2.6	4.0
Homeglen Rimbey	2.4	2.7
Viking Kinsella	2.2	3.8
Other	50.7	41.0
	219.3	221.7
UNITED STATES ...	4.3	4.6
	223.6	226.3

Working Interest Holdings in Petroleum and Natural Gas Rights

	At December 31, 1975		At December 31, 1974	
	Gross Acres	Net Acres	Gross Acres	Net Acres
CANADA				
Alberta	7,981,373	6,292,080	8,177,733	6,584,856
N.W.T. and Yukon (2)	4,588,950	3,108,132	4,596,630	3,627,719
New Brunswick (1) ...	3,368,338	1,006,001	5,937,000	1,187,400
Canada, East Coast				
Offshore	2,229,066	139,700	7,176,153	748,233
Quebec	1,053,076	129,217	1,103,576	252,982
Arctic Islands (3)	994,028	109,343	1,389,394	228,942
Saskatchewan	687,374	663,816	531,348	505,721
British Columbia	492,545	307,259	671,240	464,325
Manitoba	267,443	267,443	267,123	267,123
	21,662,193	12,022,991	28,850,197	13,867,301
Indonesia	5,278,410	1,979,404	5,119,936	1,279,984
Iran	1,797,442	359,488	1,767,582	353,516
United States	1,769,380	675,410	1,935,857	684,242
Greenland	779,369	233,288	—	—
North Sea (U.K.) (4) ...	255,794	15,623	255,711	15,616
North Sea (Dutch)	207,882	10,394	312,212	62,559
Italy	42,099	14,033	129,757	44,699
Tunisia	—	—	315,223	118,208
TOTAL	31,792,569	15,310,631	39,686,475	16,426,125

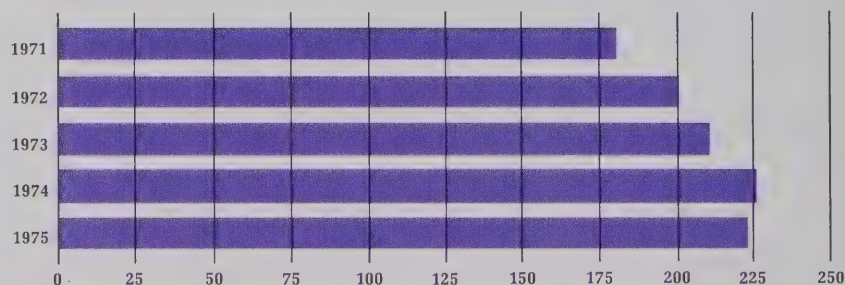
Non-working interest acreage under lease or sub-lease, reserving to PanCanadian, or its subsidiaries, royalties or overriding royalties 4,314,540

NOTES:

- (1) Includes 3,278,338 gross acres under option, not yet earned.
- (2) Includes 186,906 gross acres under option, not yet earned.
- (3) Does not include the Company's interest in Panarctic Oils Ltd.
- (4) Includes 61,767 gross acres under option, not yet earned.

NET NATURAL GAS SALES

Millions of cubic feet per day





RESERVES

Net reserves of proven developed and probable natural gas showed an overall increase to a total at December 31, 1975 of 2.384 trillion cubic feet, compared with 2.298 trillion cubic feet a year earlier. This was the result of exploratory drilling at Findley, Morley and several other areas in Alberta as well as successful development drilling. Reserves added during the year were 165 billion cubic feet and production was 79 billion cubic feet, for a net gain of 86 billion cubic feet. The reserves life index has been extended from 28 to 30 years at the end of 1975.

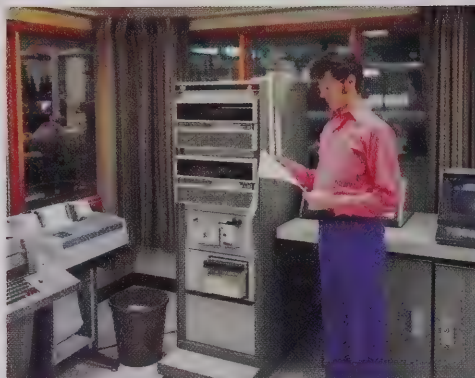
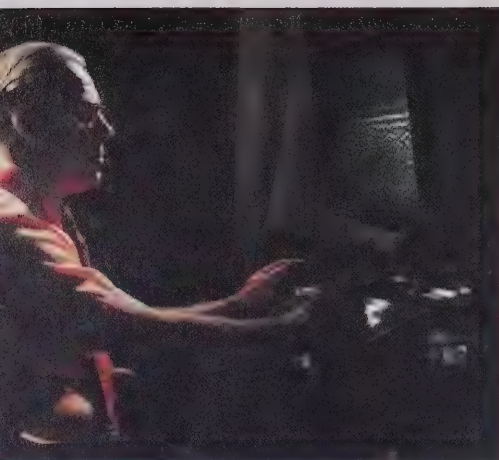
Net reserves of proven developed and probable oil and natural gas liquids amounted to 186 million barrels at December 31, 1975 representing a reserves life index of 15 years. Reserves added during the year were 3.7 million barrels although this increase was offset by production of 12.2 million barrels, for a decline in reserves from the previous year's total of 194 million barrels.

Proven developed and probable net reserves (after royalties) were determined by Company engineers. "Proven developed reserves" are those reserves which to a high degree of certainty are recoverable at commercial rates under present depletion methods and current operating conditions, prices and costs. "Probable reserves" are those reserves estimated to be commercially recoverable as a result of the beneficial effects of future installation of secondary recovery methods or future improvements in the existing recovery mechanism.

RESERVES*

(Proven Developed and Probable)	1975	1974
Oil and Natural Gas Liquids (Bbls)		
Remaining Reserves at January 1	194,493,029	206,755,149
Reserves Added	3,686,771	2,072,216
	198,179,800	208,827,365
Production	12,235,151	14,334,336
Remaining Reserves at December 31	185,944,649	194,493,029
Natural Gas (MMcf)		
Remaining Reserves at January 1	2,298,028	2,224,901
Reserves Added	165,074	155,719
	2,463,102	2,380,620
Production	79,471	82,594
Remaining Reserves at December 31	2,383,631	2,298,026
Sulphur (l.t.)		
Remaining Reserves at January 1	4,081,996	3,572,962
Reserves Added	757,426	601,457
	4,839,422	4,174,419
Production	84,749	98,171
Remaining Reserves at December 31	4,754,673	4,076,248
Coal (tons)		
Sub-bituminous		
Surface recoverable	440,000,000	
Underground recoverable	45,000,000	
	485,000,000	

* Does not include the Company's interest in Panarctic Oils Ltd.



Employees

At year end PanCanadian had a total staff of 556, many of whom have been with the Company for more than 20 years. To acknowledge the contribution made by long service employees, the Company has introduced a Service Recognition Award Program.

Following the major revision of the employee benefit plans in 1974, only minor amendments were necessary. The program remains under constant review to ensure that it is current in terms of employee needs and legislative requirements.

The employee training program continued throughout 1975 and the Company provided financial assistance to personnel wishing to upgrade their professional, technical and managerial skills. Nine new scholarships were awarded under the Company Scholarship Plan and 24 university students are each receiving \$500 a year towards their education.

Special Projects

BROOKS AMMONIA PLANT

Prior to commencing on-site construction, the Company is required to obtain an industrial development permit from the Province of Alberta. The plant, which will manufacture 400,000 short tons of anhydrous ammonia annually, will use Company natural gas as feedstock.

PanCanadian is currently negotiating contracts for the sale of the ammonia to the export market at prices which will reflect the prevailing price of the gas. Upon the successful completion of these negotiations, it is anticipated that the necessary government approval will be received.

In December 1975, PanCanadian increased its ownership in the project to 100% by acquiring, at cost, the 40% interest owned by another company.

METHANOL

Studies to determine the feasibility of manufacturing methanol from natural gas or coal were undertaken during the year. Because of unfavourable marketing conditions for this product, these investigations have now been suspended.

Financial

Gross income totalled \$159.6 million, an increase of \$29.0 million, or a 22% improvement over 1974. Crude oil sales generated \$71.2 million or 45% of gross income compared with \$66.2 million in 1974. Natural gas sales comprised 28% of gross income and increased to \$45.4 million, up 125% from the \$20.2 million of the previous year. Natural gas liquids sales from the Empress Plant accounted for 18% of gross income, and, at \$28.7 million, were relatively unchanged from 1974. The remaining 9% of gross income was generated by plant liquids, lease rentals and other sources.

Expenses, excluding income taxes, increased to \$57.4 million: operating expenses \$24.8 million, administration \$4.7 million, interest \$8.8 million, and depreciation, amortization and depletion \$19.1 million. This compares with the 1974 total of \$57.0 million. The provision for current and deferred income taxes amounted to \$33.5 million, a 23% increase over the 1974 total of \$27.3 million.



OPERATING REVENUES

	1975	%	1974	%	% Increase From 1974
Crude Oil	\$ 71,227,473	45.5	\$ 66,199,457	52.5	7.6
Natural Gas Liquids . . .	6,430,633	4.1	5,233,644	4.1	22.9
Empress Plant	28,681,416	18.3	28,978,261	23.0	(1.0)
Natural Gas and Processing	45,711,295	29.2	20,488,578	16.2	123.1
Sulphur	1,104,057	.7	1,151,403	.9	(4.1)
	153,154,874	97.8	122,051,343	96.7	25.5
Lease Rentals	3,510,896	2.2	4,110,390	3.3	(14.6)
	\$156,665,770	100.0	\$126,161,733	100.0	24.2

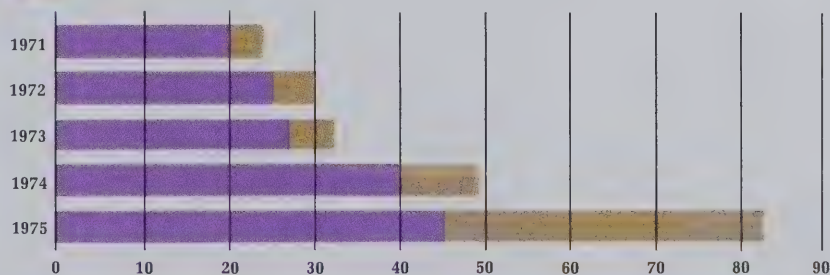
APPLICATION OF WORKING CAPITAL

	1975	1974
Exploration and Development		
Land Acquisition and Retention	\$ 7,896,981	\$ 8,699,873
Geological, Geophysical and Overhead	10,532,318	10,638,080
Exploratory Drilling	12,550,969	10,946,569
Total Exploratory	30,980,268	30,284,522
Development Drilling	13,621,671	9,674,834
	44,601,939	39,959,356
Production Facilities & Equipment	16,213,278	5,740,100
Ammonia Plant	22,296,737	3,616,407
	83,111,954	49,315,863
Investment in Panarctic Oils Ltd.	3,155,289	1,764,060
Reduction of Long-Term Debt	8,516,667	17,522,009
Dividends	26,846,538	19,355,008
	\$121,630,448	\$87,956,940

CAPITAL EXPENDITURES

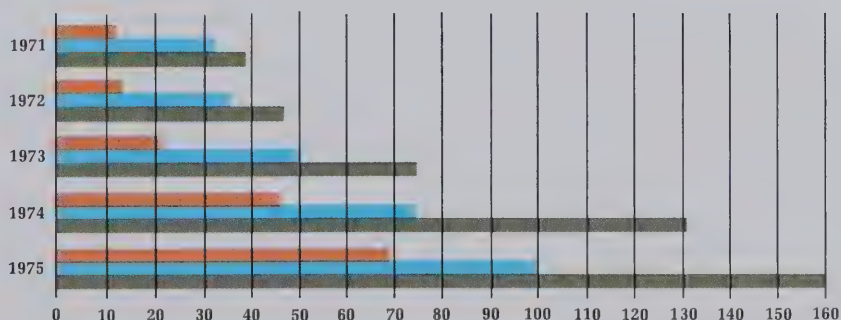
Millions of dollars

Production Facilities and Equipment
Land, Exploration and Development



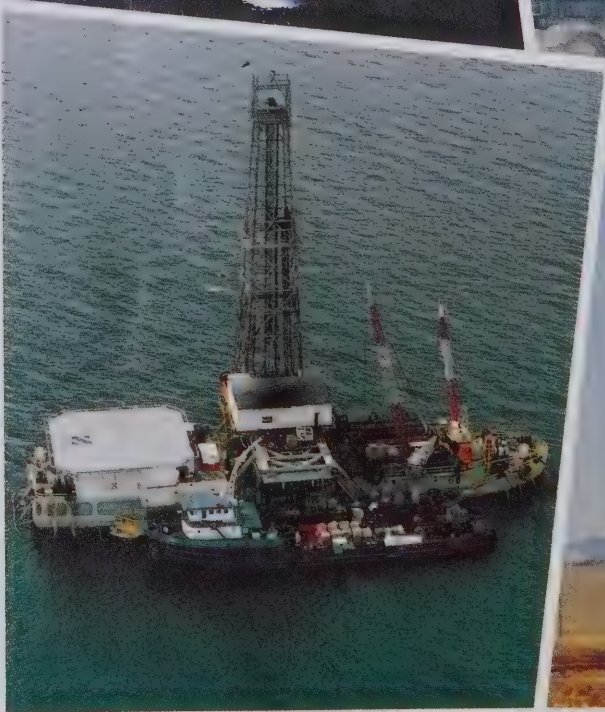
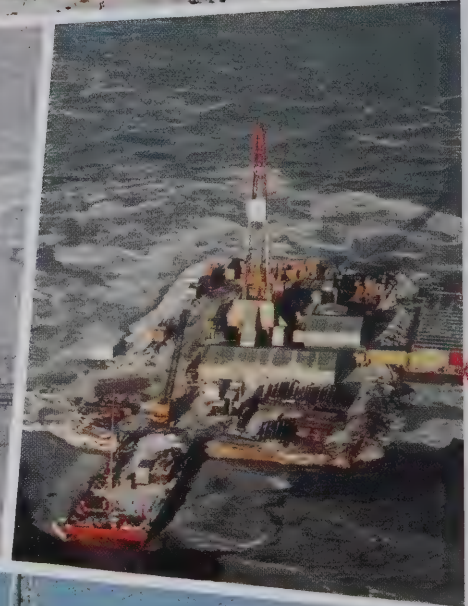
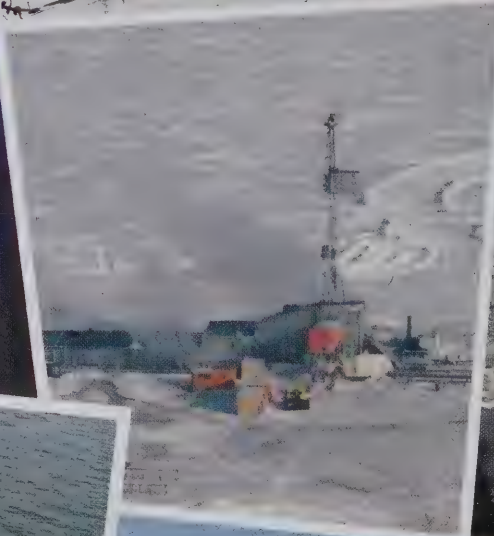
NET INCOME
CASH GENERATED
GROSS INCOME

Millions of dollars



Funds from operations increased from \$74.6 million to \$99.8 million. This is a 34% improvement and, on a per share basis, represents an increase from \$2.39 to \$3.20. Net income, after income taxes, was \$68.7 million or \$2.20 a share. In 1974, net income totalled \$46.2 million, \$1.48 a share.

Total application of working capital amounted to \$121.6 million, a \$33.6 million increase from the 1974 total of \$88.0 million. The 1975 total was applied as follows: petroleum, natural gas and mineral properties \$44.6 million, Ammonia Plant \$22.3 million, plant production and other equipment \$16.2 million, Panarctic Oils Ltd. \$3.2 million, reduction of long term debt \$8.5 million, and dividends \$26.8 million.



Auditors' Report

To the Shareholders of
PanCanadian Petroleum Limited:

We have examined the consolidated balance sheet of PanCanadian Petroleum Limited and its subsidiaries as at December 31, 1975 and the consolidated statements of income and retained income and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1975 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta
February 16, 1976

PRICE WATERHOUSE & CO.
Chartered Accountants

**Consolidated Statement of Income
and Retained Income**
FOR THE YEAR ENDED DECEMBER 31, 1975

	1975	1974
Income:		
Operating revenue	\$156,665,770	\$126,161,733
Interest income from affiliated company (Note 2)	2,012,110	3,623,374
Miscellaneous	911,910	786,971
	159,589,790	130,572,078
Expenses:		
Operating	24,831,292	21,635,831
Administrative	4,714,435	4,567,506
Interest on long-term debt	8,748,091	10,415,615
Depreciation and amortization (Note 1)	5,714,301	5,080,360
Depletion (Note 1)	13,383,957	15,282,616
	57,392,076	56,981,928
Income before income taxes	102,197,714	73,590,150
Provision for income taxes (Note 1):		
Current	21,549,355	19,397,434
Deferred	11,985,394	7,950,021
	33,534,749	27,347,455
Net income for the year	68,662,965	46,242,695
Retained income at beginning of year	61,500,822	34,613,135
	130,163,787	80,855,830
Dividends — 86¢ per share (1974 — 62¢) (Note 6)	26,846,538	19,355,008
Retained income at end of year	\$103,317,249	\$ 61,500,822
Earnings per share	\$2.20	\$1.48

Consolidated Statement of Changes in Financial Position

FOR THE YEAR ENDED DECEMBER 31, 1975



	1975	1974
Source of working capital:		
Net income for the year	\$ 68,662,965	\$46,242,695
Expenses not requiring a current outlay of funds —		
Depreciation and amortization	5,714,301	5,080,360
Depletion	13,383,957	15,282,616
Deferred income taxes	11,985,394	7,950,021
Other	9,554	1,067
Funds from operations	99,756,171	74,556,759
Long-term bank loans	—	14,000,000
Issue of shares	—	56,983
Dividend from other investment	500,000	—
Other	1,038	191,499
	100,257,209	88,805,241
Application of working capital:		
Petroleum, natural gas and mineral properties	44,601,939	39,959,356
Plant, production and other equipment	38,510,015	9,356,507
	83,111,954	49,315,863
Investment in Panarctic Oils Ltd.	3,155,289	1,764,060
Reduction of long-term debt	8,516,667	17,522,009
Dividends	26,846,538	19,355,008
	121,630,448	87,956,940
Increase (decrease) in working capital	(21,373,239)	848,301
Working capital at beginning of year	11,748,324	10,900,023
Working capital (deficiency) at end of year	\$ (9,624,915)	\$11,748,324

Consolidated Balance Sheet — December 31, 1975

ASSETS

	1975	1974
Current assets:		
Cash	\$ 962,271	\$ 371,584
Deposits with affiliated company (Note 2)	18,096,761	56,781,574
Accounts receivable	32,866,697	19,824,355
Inventories, at average cost —		
Products	3,371,077	1,748,512
Materials	3,075,474	1,440,159
	58,372,280	80,166,184
Property, plant and equipment, at cost (Note 1):		
Petroleum, natural gas and mineral properties	365,047,657	320,443,798
Less: Accumulated depletion	(102,233,529)	(88,847,652)
Plant, production and other equipment	116,226,537	78,152,757
Less: Accumulated depreciation	(36,083,432)	(31,122,861)
	342,957,233	278,626,042
Investments, at cost:		
Panarctic Oils Ltd.	13,301,401	10,146,112
Other	447,537	884,442
	13,748,938	11,030,554
Other assets:		
Drilling, reservation and other deposits	105,047	144,665
Unamortized debenture discount and issue expenses (Note 1)	1,004,829	1,065,917
Unamortized gas processing contracts (Note 1)	11,137,226	11,454,721
	12,247,102	12,665,303
	\$427,325,553	\$382,488,083



LIABILITIES

	1975	1974
Current liabilities:		
Bank loans, unsecured	\$ 14,000,000	\$ —
Accounts payable and accrued liabilities	42,527,082	21,436,315
Dividends payable	—	11,239,032
Income taxes payable	2,953,446	18,220,505
Current portion of long-term debt	8,516,667	17,522,008
	67,997,195	68,417,860
Long-term debt (Note 3)	81,429,166	89,945,833
Deferred credits:		
Deferred rentals	498,416	525,435
Deferred income taxes (Note 1)	101,302,276	89,316,882
	101,800,692	89,842,317
Shareholders' equity:		
Capital stock —		
Authorized —		
50,000,000 shares of \$1 par value		
Issued		
31,219,534 shares	31,219,534	31,219,534
Paid in surplus	41,561,717	41,561,717
Retained income (Note 6)	103,317,249	61,500,822
	176,098,500	134,282,073
Commitment (Note 5)		
	\$427,325,553	\$382,488,083

APPROVED BY THE BOARD:

Director

Robert W. Campbell

Director

Jim Taylor

Notes to Consolidated Financial Statements

DECEMBER 31, 1975

NOTE 1 — ACCOUNTING POLICIES:

The consolidated financial statements include the accounts of PanCanadian Petroleum Limited and its subsidiaries, all of which are wholly-owned.

Foreign currency balances included in the consolidated financial statements have been expressed in Canadian dollars on the following basis:

Current assets and liabilities — at the rate of exchange December 31, 1975

Other assets and liabilities — at historical rates of exchange

Income and expenses — at monthly rates of exchange except provisions for depreciation and amortization which are translated on the same basis as the related assets

The companies follow the full cost method of accounting for oil and gas properties whereby all costs relating to the exploration for and the development of oil and gas reserves are capitalized. Such costs include lease acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties, costs of drilling both productive and non-productive wells, and overhead expenses related to exploration activities. These costs are depleted by the unit of production method based on estimated proven oil and gas reserves.

Depreciation of plant, production and other equipment is being provided at rates which will amortize original costs over the estimated useful lives of the respective assets.

Unamortized debenture discount and issue expenses are being charged to income on a straight-line basis over the terms of the debenture issues.

Unamortized gas processing contracts are being charged to income on a straight-line basis over the life of the contracts which is forty years.

The companies follow the allocation method of accounting for income taxes.

NOTE 2 — DEPOSITS WITH AFFILIATED COMPANY:

Substantially all of the Company's funds which are surplus to its day to day requirements are invested in deposits of Canadian Pacific Limited. These deposits carry interest at rates at least equal to the interest rates paid from time to time by a leading Canadian Chartered bank on equivalent deposits.

NOTE 3 — LONG-TERM DEBT:

Details of long-term debt outstanding at December 31, 1975 and at December 31, 1974 are set forth hereunder:

	1975	1974
Bank loans:		
Due in quarterly instalments of \$416,667	\$ 2,083,333	\$ 3,750,000
Due in quarterly instalments of \$312,500	4,062,500	5,312,500
Due March 12, 1975	—	10,000,000
Due March 31, 1983	11,000,000	11,000,000
Due in annual instalments of \$3,600,000	10,800,000	13,400,000
Due in annual instalments of \$2,000,000	12,000,000	14,000,000
Production loan	—	5,341
	39,945,833	57,467,841
Less: Current portion	8,516,667	17,522,008
	31,429,166	39,945,833
8½% secured debentures due March 1, 1992, sinking fund payments 1978 - 1991, secured by a first mortgage upon certain producing properties	25,000,000	25,000,000
8¾% secured debentures due November 1, 1992, sinking fund payments 1978 - 1991, secured by a first mortgage upon certain producing properties	25,000,000	25,000,000
	\$81,429,166	\$89,945,833



The bank loans bear interest at rates which fluctuate (in certain cases within defined limits) with the lender's prime commercial rate.

The Company has agreed that, without the consent of the bankers, the assets of the Company and its subsidiaries will not be encumbered nor will any debt be created that would rank prior to or *pari passu* with the bank loans.

The annual maturities for long-term debt for each of the five years ending December 31, are as follows:

1976 — \$8,516,667	1977 — \$7,266,667	1978 — \$8,100,000	1979 — \$3,562,500	1980 — \$3,250,000
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NOTE 4 — STATUTORY INFORMATION:

During 1975 there were twelve directors and nine officers (as defined by the Canada Corporation Act) of whom three were also directors.

Officers' remuneration and directors' fees for 1975 amounted to \$373,580 and \$40,500 respectively (1974 — \$379,464 and \$31,500) none of which was paid by subsidiaries.

NOTE 5 — COMMITMENT:

As at December 31, 1975 the Company had expended \$26,800,000 on equipment and design with respect to an Ammonia Complex which has an estimated cost upon completion in 1977 of \$81,000,000. In December 1975 the Company increased its ownership in the project from 60% to 100% by acquiring at cost the 40% interest owned by another company.

Prior to commencing on-site construction the Company is required to obtain from the Alberta Government an industrial development permit. The Energy Resources Conservation Board of Alberta has recommended that a permit be issued on condition that the selling price of ammonia destined for the export market reflect the prevailing price of gas. Having regard to the recommendation of the Board, the Company is presently negotiating contracts for the sale of ammonia to the export market at prices which reflect the prevailing price of gas.

If the Company is not successful in fulfilling the conditions requisite to the issuance of a permit, management expects that it will be able to dispose of its present investment in the project without significant loss.

NOTE 6 — ANTI-INFLATION PROGRAM:

The Company and its operating subsidiaries are subject to controls on compensation and dividends instituted by the Federal Government in the Anti-Inflation Act effective October 14, 1975. The Company has used its best efforts to comply with the guidelines since their announcement.

Five Year Statistical Review

FINANCIAL	1975	1974	1973	1972	1971
Gross Income	\$159,590	\$130,572	\$ 75,374	\$ 47,271	\$ 39,432
Funds from Operations	99,756	74,557	49,872	34,965	30,598
Per Share	3.20	2.39	1.60	1.12	1.00
Net Income	68,663	46,243	21,300	12,544	12,197
Per Share	2.20	1.48	0.68	0.40	0.39
Dividends	26,847	19,355	12,795	9,982	9,560
Per Share	0.86	0.62	0.41	0.32	0.31
Working Capital (Deficiency)	(9,625)	11,748	10,900	29,896	(1,794)
Long-Term Debt	81,429	89,946	93,468	71,979	32,706
Deferred Income Taxes	101,302	89,317	81,367	71,086	62,689
Capital Expenditures					
Exploration	30,980	30,285	22,934	22,756	19,349
Development	13,622	9,675	4,385	1,985	1,129
Production Facilities and Equipment	38,510	9,356	4,695	5,597	4,373
Total	83,112	49,316	32,014	30,338	24,851
Investment in Panarctic Oils Ltd.	3,155	1,764	1,705	1,812	1,573
Number of Shares Outstanding	31,219,534	31,219,534	31,214,990	31,205,985	31,197,972
Number of Shareholders	7,170	7,492	7,840	7,881	8,010

Dollar amounts are in thousands with the exception of per share figures.

OPERATIONS

Production and Sales — Net

Oil and Natural Gas Liquids (bbls.)	15,661,778	18,706,751	18,463,885	12,441,881	10,413,083
Daily Average	42,909	51,252	50,586	33,995	28,530
Natural Gas (Mcf.)	81,622,297	82,593,959	76,726,824	73,025,193	65,451,962
Daily Average	223,623	226,285	210,210	199,522	179,320
Sulphur (l.t.)	83,737	98,171	96,010	97,630	92,422
Daily Average	230	269	263	267	253

Properties — Working Interest

Petroleum and Natural Gas

Gross Acreage	31,792,569	39,686,475	45,671,396	20,036,720	18,697,343
Net Acreage	15,310,631	16,426,125	19,705,221	14,797,944	14,930,372

Wells — Net (Producing or Capable of Production)

Oil	468.12	454.15	467.53	444.47	447.15
Gas	1,047.29	851.52	574.91	367.06	323.43
Number of Employees	556	532	489	428	412

Corporate

OFFICERS

Robert W. Campbell
Chairman of the Board
and Chief Executive Officer

J. M. Taylor
President

Ian D. Sinclair, Q.C.
Vice President

A. W. Groll
Vice President — Production

M. A. Rogers
Vice President — Exploration

C. H. Stevens
Vice President and Comptroller

V. B. Watson
Treasurer and Assistant Comptroller

George E. Little
Corporate Secretary

C. Millar
Assistant Secretary
and Manager Title Records

SHARES LISTED

Alberta Stock Exchange
Montreal Stock Exchange
Toronto Stock Exchange
Vancouver Stock Exchange

REGISTRAR AND TRANSFER AGENT

Guaranty Trust Company of Canada —
Calgary, Montreal, Toronto, Vancouver

BANKER

The Royal Bank of Canada

AUDITORS

Price Waterhouse & Co.
Chartered Accountants
Calgary, Alberta

Subsidiary and Affiliate Companies

Wholly Owned

Blackfoot Pipelines Ltd.
Canadian Pacific Oil and Gas of Canada Limited
Canadian Pacific Oil and Gas Nederland BV.
Canadian Pacific Oil and Gas Norway A/S
PanCanadian Gas Products Ltd.
PanCanadian Petroleum Company
PanCanadian Petroleum (U.K.) Limited
Canadian Persian Oil Limited
PanCanadian Kerrobert Pipeline Ltd.
PanCanadian Petroleum Denmark A/S

Other

Minerals Ltd. — 50%
Panarctic Oils Ltd. — 9.005%
Stillings Petroleum (Canada) Ltd. — 50%
Stillings International Company — 50%

PanCanadian Petroleum Limited publishes a supplementary report entitled "Financial and Operating Information". The report contains more detailed information than it is possible to include in the Annual Report and is mainly provided for the use of security analysts. Any shareholder requiring a copy may obtain one by directing a request to the Supervisor Economics Unit.



PanCanadian Petroleum Limited

P. O. Box 2850 Calgary, Alberta, Canada

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